Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

Encourage fuel-switching through EmPOWER beginning in 2024 (modified MCCC recommendation from 2020) – Require incentives for the electrification of existing fossil fuel systems through the EmPOWER program and direct the Public Service Commission (PSC) to require the electric utilities to proactively encourage customers with gas, oil, or propane heating systems to replace or supplement those systems with electric heat pumps, especially for low-income households and consumers. State agencies also should modify programs they manage to facilitate fuel-switching if not already allowed.

Sunset financial subsidies for fossil fuel appliances within EmPOWER. EmPOWER Maryland and other energy programs in the state should be focused on providing financial assistance only to non-fossil fuel equipment, appliances, and infrastructure associated with the building sector and any and all incentives and subsidies for fossil fuel systems should be eliminated. This should be paired with an increased incentive size for non-fossil appliances and systems installed for limited income consumers.

Proposed item "A" for the 2022 MCCC Annual Report

The General Assembly should amend Public Utilities Article § 7–211 to require that EmPOWER work better for reducing GHG emissions with provisions to:

a. Include specific GHG reduction targets, to be established by MDE;

b. Encourage fuel-switching from fossil fuels to efficient electric appliances with incentives for heat pump space heating and hot water heating, high-efficiency electric clothes dryers, and induction ranges/stovetops **starting in 2024** (as recommended by the MCCC in 2020 and 2021);

c. End incentives for fossil fuel appliances starting in 2023 (as recommended by the MCCC in 2021); and

d. Provide audits that recommend steps for homes/buildings to become electric-ready, along with rebates for these investments.

Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

Develop Utility Transition Plans

The General Assembly should require the PSC to oversee a process whereby the electric and gas utility companies develop plans for achieving a structured and just transition to a near-zero emissions buildings sector in Maryland. Key objectives of those plans include:

Gas Transition Plans

- Appropriate gas system investments/divestments for a shrinking customer base and reductions in gas throughput in the range of 50 to 100 percent by 2045
- Comprehensive equity strategy to enable LMI households to improve energy efficiency and electrify affordably
- Regulatory, legislative, and other policy changes needed for a managed and just transition of the gas system and infrastructure
- Operational practices to meet current customer needs and maintain safe and reliable service while minimizing infrastructure investments
- Assessment of existing gas infrastructure and options for contraction
- Alternative models for the gas utility's long-term role, business model, ownership structure, and regulatory compact, as part of a managed transition

Electric Transition Plans

- Electric system investments for a highly electrified buildings sector
- Ratepayer protections, especially for LMI Marylanders
- Incentives to facilitate the transition to a highly electrified buildings sector
- Demand management solutions to reduce winter peak electricity demand

The PSC shall amend or reject plans that do not meet these objectives. The PSC shall set up a stakeholder process to review the Electric and Gas Transition Plans.

Proposed item "B" for the 2022 MCCC Annual Report

Develop Utility Transition Plans

The General Assembly should require the PSC issue orders and regulations by no later than January 1, 2025, for managing a transition to meet the GHG reduction goals of the Climate Solutions Now Act that establish requirements for ~~to oversee a process whereby the electric and~~ gas utility planning ~~companies develop plans~~ for achieving a structured and just transition to a near-zero emissions buildings sector in Maryland. Key objectives of those plans include:

Gas Transition Plans

- Appropriate gas system investments/~~divestments~~ abandonments for a shrinking customer base and reductions in gas throughput in the range of ~~50~~ 60 to 100 percent by 2045
- Comprehensive equity strategy to enable LMI households to improve energy efficiency and electrify affordably
- Regulatory, legislative, and other policy changes needed for a managed and just transition of the gas system and infrastructure
- Operational practices to meet current customer needs and maintain safe and reliable service while minimizing infrastructure investments
- Assessment of existing gas infrastructure and options for contraction
- Alternative models for the gas utility's long-term role, business model, ownership structure, and regulatory compact, as part of a managed transition

~~Electric Transition Plans~~

- ~~Electric system investments for a highly electrified buildings sector~~
- ~~Ratepayer protections, especially for LMI Marylanders~~
- ~~Incentives to facilitate the transition to a highly electrified buildings sector~~
- ~~Demand management solutions to reduce winter peak electricity demand~~

The PSC shall amend or reject plans that do not meet these objectives. The PSC shall set up a stakeholder process to review the ~~Electric and~~ Gas Transition Plans.

Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

There is no directly comparable recommendation in the 2021 MCCC Annual Report on the gas line extension policy. The MCCC recommended in 2021 that the State should adopt a code that ensures that new buildings meet all water and space heating demand without the use of fossil fuels (allowing for the use of electric heat pumps, solar thermal, and other existing and potential clean energy solutions) and are ready for solar, electric vehicle charging, and building-grid interaction. This code shall apply to all new residential, commercial, and state-funded buildings beginning as early as possible but no later than 2024.

Proposed item "C" for the 2022 MCCC Annual Report

Short of an all-electric construction code, or for any exceptions to an all-electric building code, **the PSC should reform the gas line extension policy**.

Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

There is no directly comparable recommendation in the 2021 MCCC Annual Report.

Proposed item "D" for the 2022 MCCC Annual Report

The General Assembly should end the policy set forth in Public Utilities Article § 4-210 that has the express purpose of "accelerat[ing] gas infrastructure" investments and authorizes the PSC to provide expedited recovery from customers of such investments.

Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

Target 50 percent of residential HVAC and water heater sales to be heat pumps by 2025, 95 percent by 2030 (modified MCCC recommendation from 2020) – Require that incentives (for consumers, contractors, and manufactures) through EmPOWER and other programs are sufficient to meet a target of 50 percent of HVAC and water heater sales to be heat pumps by 2025 and 95 percent by 2030. Heat pumps (air source or ground source) should be sized to meet all space heating and cooling demand. Heat pump water heaters should be grid-interactive to serve as energy storage devices. Grid-interactive electric resistance water heaters are allowed when heat pump water heaters cannot be installed. Require that electric utilities provide payment options such as on-bill, low-interest financing to spread out upfront costs including electrical upgrades. These targets apply to residential systems but consideration should be given to developing proper incentives and financing options for commercial system electrification.

Proposed item "E" for the 2022 MCCC Annual Report

The General Assembly should authorize MDE to develop a zero-emissions standard for space heating and water heating equipment with the goal of achieving a structured phaseout of non-essential emissions-producing equipment by 2030. This would be the enforcement mechanism to achieve the MCCC's Building Energy Transition Plan recommendation for 50% of residential heating systems, cooling systems, and water heater sales to be heat pumps by 2025, reaching 95 percent by 2030. Incentives provided through the Inflation Reduction Act, EmPOWER, and other incentive programs should cover all or most of the cost of retrofitting an existing building with heat pump systems. MDE's Building Energy Transition Implementation Task Force should evaluate what, if any, additional state support would be required to cover retrofit costs.

Comparison of Final 2021 and Proposed 2022 MCCC Recommendations

From the 2021 MCCC Annual Report

There is no directly comparable recommendation in the 2021 MCCC Annual Report on funding methane capture systems.

Proposed item “F” for the 2022 MCCC Annual Report

The General Assembly should provide matching funds to counties to install systems that capture methane from landfills and wastewater treatment plants and, where feasible, use the captured methane for on-site power generation.